

# Competitive Marketing Analysis-Wholesale Trade

(Sector 42-North American Industry Classification System)

## The Bloomington-Normal-Ottawa Corridor of North Central Illinois

### Conducted by:

BFPC, LLC

Modalgistics Supply Chain Solutions

Applied Marketing Sciences

### Sponsored by:

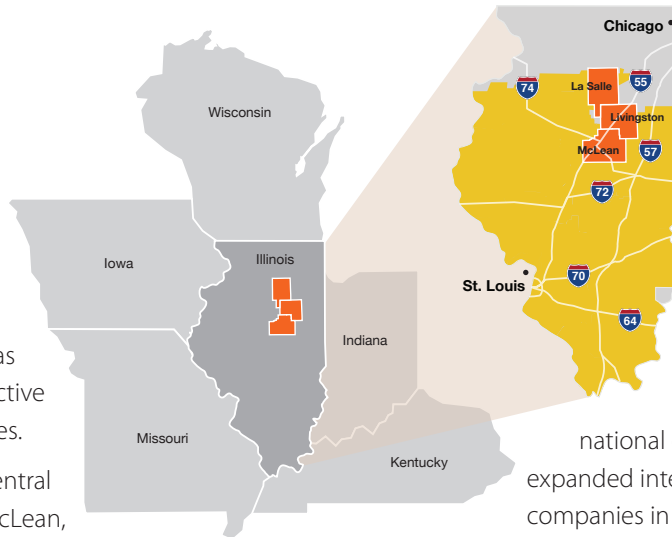
Ameren Economic Development

## Executive Summary

The Bloomington-Normal-Ottawa corridor has been demonstrated to be a particularly attractive location for Wholesale Trade business activities.

The corridor, consisting of the three North Central Illinois counties of La Salle, Livingston, and McLean, has an unusually strong set of assets for Distribution Centers and related business facilities of this vital industry. Its advantages stem from a unique and very desirable mix of conditions: economic, geographic, infrastructure, public policy, and community support. Taken as a whole, they place it at a high rank among possible central US locations for the distribution and logistics industry. The corridor is already a successful location for Wholesale Trade and has characteristics likely to promote further local growth of this sector.

This conclusion comes from an economic study commissioned by Ameren Services and conducted by a team of specialists consisting of BFPC, LLC, a site selection firm; Modalgistics Supply Chain Solutions; and Applied Marketing Sciences.



This initiative began several years ago, when Ameren and several of its communities and economic development allies became aware of the increasing importance of Wholesale Trade to the regional and

national economies, and the expanded interest in their region by companies in this business. Their

opening studies indicated that the Bloomington-Normal-Ottawa corridor did indeed have an unusually strong mix of key characteristics needed by Wholesale Trade (defined as Sector 42 of the North American Industry Classification System). Further, it appeared to be a good fit with the established business community and merited support from private and public sector leadership. These favorable preliminary conclusions led to retention of a consulting team to probe further.

Ameren sponsored a more detailed investigation by the BFPC consulting team which has confirmed the initial findings about the corridor's attractiveness as a location for distribution centers and identified specific reasons why Wholesale Trade companies can prosper in this unusually appealing location.

### Highlights of Findings

Work by the consulting team documented the following assets of the Bloomington-Normal-Ottawa corridor:

- Selected business costs nearly 11% below typical or national average costs for Distribution Centers and even greater cost advantages relative to some competing locations in the Midwest, such as Chicago. Detailed cost models are presented later in this report.
- Cost stability. Many capital and operating expenses here have been more stable and have increased less than at the national level and in many other possible locations for Distribution Centers. Over the past decade, the rate of increase in Sector 42 labor costs in the corridor has been 23% less than the national average. The large number of railroads and motor carriers here lead to a highly competitive situation with many companies seeking the Distribution Center's shipping and receiving business and opportunities for reduced costs.
- In addition to lower business costs, a moderate cost of living. The largest urban area in the corridor, Bloomington-Normal, has a composite COLI nearly 4% below the national urban average according to the ACCRA Cost Of Living Study for Second Quarter of 2009, despite the fact that major university communities are often relatively expensive places to live. Costs are likely still lower in smaller communities in the corridor. Moderate living expenses are an asset



to companies seeking to hire, maintain, and grow the professional staffs needed by modern advanced-technology Distribution Centers. Persons working in this part of Illinois have options for living in a wide variety of attractive urban, suburban, and rural settings.

- A position clearly in the path of recent population and business expansion trends. This corridor is located just west of the Chicago Metro Area. Many of Illinois' fastest-growing areas for population, market wealth, Wholesale Trade, and other vital characteristics have come to just east of the corridor and are likely to continue moving west. Thus the area appears especially well-located to capture future development. A similar trend is expanded growth on the part of certain attractive, well-prepared smaller urban areas of the US, of which Bloomington-Normal and Ottawa are good examples.
- A geographical location strategically positioned amidst a large regional market of businesses, industries, and consumers. The wealth and purchasing power of some of those markets are among the nation's highest. An eight-hour truck driving radius around Bloomington-Normal includes nearly 73 million people, about the same as in the same radius around Chicago and more than that found around many competing locations in the Midwest.
- Proven success as a location for Sector 42 facilities. The Wholesale Trade business is growing in many parts of the corridor. Companies locating Distribution Centers and similar facilities in this are with the knowledge that they are not pioneers in uncharted territory but are locating in a region that has a solid record of supporting their industry.
- Availability of support from local academic and research institutions. Illinois State University, the state's first public institution, has a long tradition of preparing students for careers. It has graduate programs in business and other fields needed by expanding Sector 42 companies. Other public and private training and academic institutions in the corridor offer courses, R&D backing, and other aid relevant to companies in the Wholesale Trade business.
- Excellent transportation connectivity including four Interstate Highways, five of the nation's seven Class I railroad lines, and the Central Illinois Regional Airport plus other major airports such as O'Hare within less than two hours' drive of parts of the corridor.
- Access to highly competitive business and industrial development incentives.
- A quality of life that supports recruitment and maintenance of staffing talent. The Bloomington-Normal-Ottawa corridor is a well-established sophisticated and diverse community, with colleges and universities, cultural and arts resources, collegiate sports, and other living assets that set it apart from some locations which compete for Sector 42 facilities in the region. At the same time, various parts of the corridor are within less than an hour's drive from the suburbs of Chicago, with even more shopping, entertainment, and urban amenities.

